

# Homemaker Pension

For Work That Deserves Concrete Recognition

CAI

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Things to do:

- ① Prepare breakfast for
- ② Unclog the kitchen sink
- ③ Defrost freezer
- ④ Water the plants
- ⑤ Pick up John's dry cleaning
- ⑥ Call repair shop for
- ⑦ Make appointment for
- ⑧ Pay bills and bank
- ⑨ Make lunch for
- ⑩ Do dishes and change for bed



Canadian Advisory Council  
on the Status of Women



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Dear \_\_\_\_\_:

I insist that the federal government take the necessary steps to establish a homemaker pension within the Canada Pension Plan in the near future, as promised by the Progressive Conservative Party of Canada during the 1984 election campaign.

After a lifetime of work benefiting the family and society as a whole, it is unacceptable that Canadian homemakers are left to suffer grave financial insecurity during their old age.

Canadian homemakers need and want a homemaker pension within the CPP.

I look forward to immediate action on this matter.

Yours sincerely,

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Signature

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Address

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The Canadian Advisory Council on the Status of Women

Cette publication existe aussi en français.

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IN CANADA

[M.P.]

House of Commons  
Parliament Buildings  
Ottawa, Canada  
K1A 0A6



# Homemaker Pension

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## Acknowledgements

This publication was prepared by the Communications Section of the Canadian Advisory Council on the Status of Women (CACSW). It was written by Dolores Backman and Mary-Jane Lipkin, in collaboration with Louise Dulude.

The CACSW was established as an independent advisory body in 1973 in response to a recommendation by the Royal Commission on the Status of Women. Its mandate, "to bring before the government and the public matters of interest and concern to women" and "to advise the Minister on such matters relating to the status of women as the Minister may refer to the Council for its consideration or as the Council may deem appropriate", is wide and may be interpreted to cover all Council activities on behalf of Canadian women. The Council is an autonomous agency that reports to Parliament through the Minister Responsible for the Status of Women. This allows the Council to maintain a voice within Parliament and at the same time maintain the right to publish without ministerial consent.

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As an individual you can  
In fact, you might want to undertake additional group activities to promote the homemaker pension  
You can make a difference...







# ONE

## Occupation: Homemaker

### Does that include you?

**I**f you are a Canadian woman, chances are that it does. Most Canadian women spend at least part of their lives as full-time homemakers. Almost 50% of Canadian women are not in the paid labour force and less than a third of women with pre-school-age children work at full-time paying jobs.

Genetically speaking, homemakers do not have to be female. However, most homemaking work is, in fact, done by women. For example, in families where the wife is a full-time homemaker and the children are 10 years or older, husbands do only 3 hours of housework a week. When this homemaker takes a paid job outside the home, the husband's housework load increases only slightly — by 6 minutes per week!

In terms of child-raising, Canadian parents appear to have good intentions about equal sharing. According to a Gallup poll done for the Canadian Advisory Council on the Status of Women (CACSW), 51% of parents think that staying home with sick children should be a shared responsibility. Yet, in practice, for 72% of parents it is the mother who stays home with a sick child.

For better or for worse, then, “homemaker” is largely a women’s occupation.

Canadian homemakers are on the job full time and more. Studies have found that homemakers work between 41 and 60 hours per week depending on the number and age of children. The homemaker is also “on call” 24 hours a day, 7 days a week. Can you name another occupation with such demanding working hours!

What types of work fall into the category of homemaking? A typical job description for homemaker would probably look like this:

**Chef and Nutritionist**

**Nurse and Nanny**

**Teacher**

**Housecleaner and Maid**

**Budget Manager**  
**Launderer**  
**Tailor**  
**Shopper**  
**Counsellor**


As well as these major responsibilities, the homemaker often finds it useful to be skilled in other lines of work, such as:

**Entertainer**  
**Host**  
**Mechanic**  
**Communications Specialist**  
**Receptionist**  
**Psychologist**  
**Diplomat**  
**Chauffeur**  
**Plumber**

The homemaker's "place of work" is primarily her residence and so those who benefit most directly from her work are her husband, children, and other family members. However, the list of those who benefit does not stop there.

For example, our consumer economy thrives on the buying, upkeep, and replacement of goods. It is the homemaker who carries out the bulk of consumer dealings for the family household.





Employers benefit from homemakers in additional ways. By keeping a home and caring for family members, the homemaker makes it easier for her husband to devote his energy to a full-time paying job outside the home. As well, homemakers are the major source of part-time and temporary workers for employers.

Finally, and of global significance, homemakers help ensure the future by caring for the next generation. Our continued existence as a society requires a healthy and ongoing population.

Just what value can be placed on this round the clock, Jill of all trades who works on the front lines of human survival? If homemaking were included in the Gross National Product, estimates are that it would account for 35 to 40% of the GNP or **at least** \$136 billion.


That is big money — but the homemaker cannot turn this output into cold hard cash. Unlike other workers in our society, the homemaker does not receive a salary. Because she is unpaid, she gets no vacation days or unemployment insurance, no accident, disability or sickness compensation. MOST IMPORTANT OF ALL IN THE LONG RUN, THOUGH, IS THAT SHE HAS NO PENSION PLAN.

However, like other workers, the homemaker **does** retire. She reaches an age where she cannot continue to do all of the work that she was able to do previously. What happens to the homemaker at that point? Despite long years of service to family and society, many homemakers end up poor in their old age. Over 70% of widowed, divorced, and single women over 70 years old live below the poverty line. Being retired and poor comes as a shock to many homemakers. Most homemakers expect that if widowed or divorced, they will receive enough benefits from their husbands' pensions to maintain a reasonable standard of living. However, the pension income of widows, for example, amounts to only one quarter of a couple's former income.

What about you? Will you join the ranks of poverty-stricken homemakers upon your retirement? To help you to find the answers, try asking yourself the following questions:

**Do you know what pension benefits you will be entitled to in your old age?**

**Do you know if your husband's employer-sponsored pension plan provides for survivor benefits?**



**In the event that you divorce, do you know what claims you would have to your husband's pension benefits?**

**If your husband has a registered retirement savings plan, is it willed to you?**

If you answered "no " to any of the above questions, you need to find out more about your own financial situation and how the Canadian pension system works. That's the first necessary step to beating the odds of being poor upon retirement. The second step is to see what changes can be made to the pension system so that it better serves you, the homemaker.





## Did You Know That?...

- A paid housekeeper is obliged to participate in the Canada or Quebec Pension Plan. But if she marries her employer and continues to do the same work, she is no longer allowed to participate in the Plan.
- More than 50% of married women can expect to be widowed. When a woman dies, her husband normally continues to draw the same pension as before. When a man dies, his widow usually receives drastically reduced Canada/Quebec Pension Plan benefits and nothing at all from the husband's employer-sponsored pension plan.
- Four out of 10 Canadian marriages will end in divorce. Canada/Quebec Pension Plan credits can be equally split between spouses upon divorce, but only 3% of those who are eligible apply to do so.



# TWO

## Mechanics of the Canadian Pension System

**C**anada's retirement income system has six elements that are meant to complement each other. They are as follows:

### **Old Age Security Pension**

The old age pension is received by everyone 65 years of age and over. For many homemakers who have never had a paid job, the old age pension may be the only regular cheque they will ever get in their lives.

The amount of the old age pension increases every three months to reflect rises in the cost of living. The pension was \$273.80 per month in January 1985. To receive it, an application form must be completed and returned to the federal department of Health and Welfare. These forms can be obtained at any post office in Canada.



## **Guaranteed Income Supplement**

In addition to the old age pension, needy pensioners can receive a benefit known as the Guaranteed Income Supplement. If a single person, which includes a widowed, divorced or unmarried homemaker, has no income other than the old age pension, that person is eligible for a supplement of \$325.41 per month. If a person is married, the maximum amount of the supplement is \$211.93 per month for each spouse. (January 1985 figures)

A person who does have other sources of income besides the old age pension may still receive the Guaranteed Income Supplement but the amount is reduced by one dollar for every two dollars of other income. In calculating this pension, "other income" does **not** include possessions such as a house, furniture or jewellery. A person must also apply for the Guaranteed Income Supplement.

## **Spouse's Allowance**

The Spouse's Allowance is available to the 60- to 65-year-old wife or husband of an old age pensioner in cases where the couple's income is very low. Widows and widowers in this age bracket who have

qualified for the Spouse's Allowance can continue to receive it in the event of their spouse's death. In January 1985, the maximum full monthly allowance was \$536.26.

## **Canada/Quebec Pension Plan**

The Canada Pension Plan does not operate in Quebec because the province exercised its constitutional right to establish its own pension plan. However, the Canada and Quebec Pension Plans operate in an almost identical way and pay the same retirement benefits. Pensions from these plans are based on an individual's earnings. Anyone who is in the paid labour force and earns more than \$2,300 in the year must participate in one of these plans. Employees contribute 1.8% of their salary up to a maximum of \$379.80 per year. Employers also pay an equal amount.

Your Canada/Quebec Pension Plan account follows you from job to job, regardless of how long you work at each job or how long you may be out of the paid labour force between jobs. At age 65, the pension you receive amounts to 25% of your lifetime average earnings. The maximum monthly pension for 1985 is \$435.42.

Other benefits of these pension plans are:

- **for earners**
  - a disability pension
- **for spouses of earners**
  - at age 65, nothing
  - survivor pensions for the widow or widower of a deceased contributor
  - a small lump-sum death benefit is paid to the estate of a contributor
  - upon divorce, application can be made to share pension credits
- **for homemakers**
  - a child-rearing drop-out provision that gives coverage to women who leave the labour force temporarily to take care of their young children
  - this drop-out provision is of little or no benefit to women who spend most of their lives working at home, or do not return to the labour force

## **Employer-sponsored pension plans**

In 1982, only 54% of employed men and 36% of employed women participated in employer-sponsored pension plans. However, it is impossible to predict the



amount of these retirement pensions, because they often disappear when employees change jobs and they do not usually rise with increases in the cost of living.

## **Personal savings and Registered Retirement Savings Plans**

According to a federal study on pensions, only about 20% of current middle age, middle-income couples and individuals would have sufficient savings to replace more than 15% of their pre-retirement earnings.

Retirement savings through contributions to registered retirement savings plans (RRSPs) are tax-deductible. In 1981, men accounted for 74% of all deposits made in RRSPs.

## **Problems that homemakers have with the present pension system**

- **Benefits depend on being linked to a man**
  - spouseless homemakers who keep house for parents, brothers, sisters or children get nothing from the Canada/Quebec Pension Plan

- women who divorce (40% of marriages now end in divorce) lose all survivor's rights, even if their marriages lasted a very long time
- benefits linked to marital status are too fragile in today's world, as they do not give women the security that the system is supposed to provide

- **For the married homemaker, there is no personal benefit from the Canada/Quebec Pension Plan**

- there is no recognition of the homemaker's personal contribution to the economy
- while proposals to split the Canada/Quebec Pension Plan benefits between the spouses are good, they do not recognize the value of the work done by the homemaker because the couple's total pension is not increased

- **Widows' pensions are unsatisfactory**

- the pensions are related to the husband's income rather than reflecting the value of her own work
- widow's pensions treat homemakers as dependents, not as partners who make a valuable contribution to society

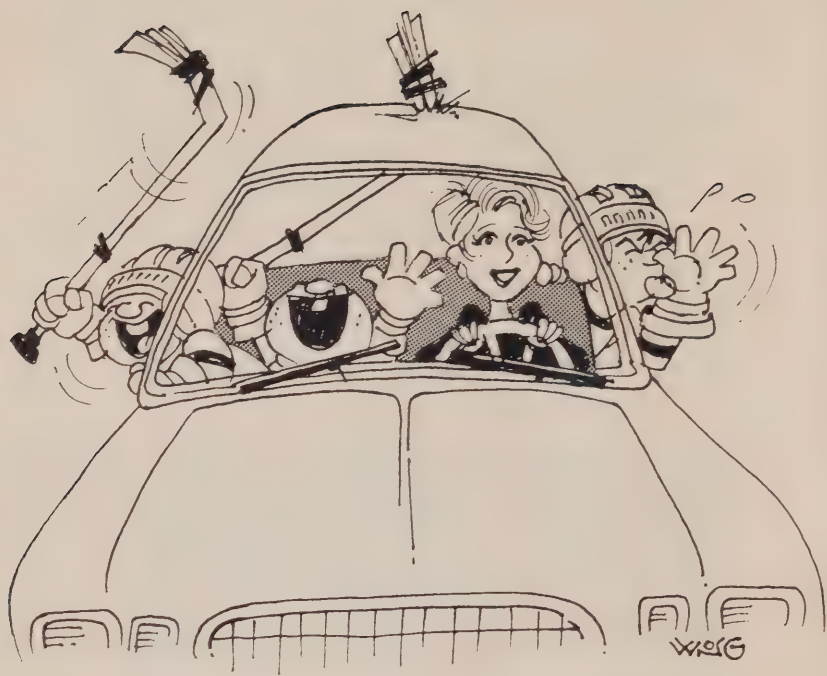
- less than a third of men participate in employer-sponsored pension plans that give pensions to widows
- widowed homemakers may not benefit from their deceased husband's personal savings, registered retirement savings plans, and investments unless these assets are specifically willed to them

**Result...** the greater her need, the less she gets

- **Even women who do have paid jobs end up with poor pensions since they are based on earnings, and women's wages are only about 62% of those of men**



Most Canadians — 81% in a 1984 national poll — support coverage of homemakers under the Canada/Quebec Pension Plan.





# THREE

## A Homemaker Pension — How Would it Work?

### Who would be eligible?

**T**he Canadian Advisory Council on the Status of Women has for many years recommended that homemakers participate directly in the Canada/ Quebec Pension Plan. Included would be women who work only or mainly in the home to care for a husband, a child under age 18, or another relative living in the home.

In all of the following situations, the homemaker, whether female or male, would be eligible to participate in the Canada/Quebec Pension Plan:

- a woman who keeps house for her spouse
- a woman who keeps house for her spouse and children

- a man who does either of the above
- a single parent
- a woman or man who keeps house for a parent, sister or brother

A woman or man who holds a part-time job while doing any of the above would also be eligible for the homemaker pension. They would contribute to the Canada/Quebec Pension Plan on the basis of their own earnings and be given the rest of the pension credits necessary to give them the same pension as the full-time homemaker.

### **What income would the pension be based on?**


The CACSW recommends that the homemaker pension be based on an income equal to half the average industrial wage, which means about \$11,000 based on 1985 figures. Homemakers would not be paid \$11,000, but at the age of 65 they would receive a pension calculated as if they had earned that income during their homemaking years.

This level of income was chosen for several reasons, the main one being that it is about equal to what it would really cost to hire a full-time housekeeper.

It has the advantage of being an objective standard that is not subject to political changes. Unlike the minimum wage, which varies across Canada because it is set by provincial and territorial governments, the average industrial wage is simply calculated each year on the basis of figures collected by Statistics Canada.

### **How would the pensions be paid for?**

Different people give different answers to that question. Some believe that all of society benefits from the work homemakers do and so their pensions should be subsidized — either by all taxpayers or by all contributors to the Canada/Quebec Pension Plan. Others make a distinction between different kinds of homemakers, saying that those who care for young children and disabled people should be fully subsidized while the others should not.



However, the option which has gained most support in recent years, and the one which was recommended by the Parliamentary Task Force on Pension Reform, is that contributions be paid by the adults who benefit from the homemakers' work. This means that almost all of the contributions would be paid by husbands whose wives work as homemakers. Only the homemaker pension for low-income couples and single parents would be subsidized by all Canada/Quebec Pension Plan participants.

### **Would the homemaker pension be voluntary or mandatory?**

There have been suggestions that the government allow voluntary contributions to the Canada/Quebec Pension Plan by full-time homemakers who can afford it, but this is not a good idea.

For one thing, European countries which have tried this system have found that only a very few better-off, better informed homemakers were able or willing to participate on that basis. Another serious drawback is that because most homemakers have no money of their own, they would be unable to participate if their husbands refused to give them the money for the contributions.



In order to protect everyone equally, the homemaker pension must be mandatory. The easiest way to collect the contributions would be through the income tax system.

A homemaker pension plan set up in this way would go a long way toward solving the pension problems of homemakers. With a homemaker pension:

- homemakers would get a personal pension at age 65 in recognition of their own work instead of their husbands' income
- the pension would not depend on marital status but on their work as homemakers






# FOUR

## How to Make the Homemaker Pension a Reality

**T**he federal and provincial governments have been considering reform of the Canadian pension system for almost ten years. Governments realize that intolerably high numbers of senior citizens live below the poverty line and that something must be done to improve their retirement incomes.

Most Canadians favour pension reform; 81% of them support the establishment of a homemaker pension in the Canada/Quebec Pension Plan.

Women make up the majority of the elderly poor, and the homemaker pension would have an immediate and beneficial effect on this dreadful situation. As most recently proposed by the Parliamentary Task



Force on Pension Reform, homemakers who are already 65 years old would receive increased pension cheques as soon as it came into force.

The current federal government has recognized the value of the homemaker pension and it made the following commitment to a homemaker pension during the 1984 federal election:

*We are committed to the concept of a Homemaker Pension within the Canada Pension Plan; we believe it is a fiscally sound proposal and will urge the provinces to give it their consent. Women should have, in their own right, a measure of future security.*

Why, then, can a homemaker pension not be implemented immediately? There are two major stumbling blocks.

The first obstacle is federal-provincial agreement. Any major reform of the Canada Pension Plan requires the approval of the federal government and two thirds of the provinces having two thirds of the population.

The other potential problem is one which can plague even the youngest of governments — short memory and slow reflexes! Despite overwhelming public support for their proposals, governments — once elected — sometimes forget or can become remarkably lax in putting their campaign promises into effect.

Luckily, both of these problems can be overcome. There is a lot that you, the Canadian homemaker, can do to spur governments into action.


### **As an individual you can:**

- **Remind the federal government of its promise**

Start by sending some mail to your Member of Parliament. Letters to MPs do not require postage when addressed to the House of Commons in Ottawa. Spare time can be a rare and precious commodity for homemakers and so a cut-out coupon is provided in this brochure.

Contact with your MP is crucial. It is a good idea to follow up correspondence to your MP with a phone call to the local constituency office. MPs are confronted with a tremendous number of issues and they






give the highest priority to those issues about which they hear the most. In fact, MPs may not consider an issue to be an “Issue” until they know that their constituents are concerned about it. As the old saying goes, it is the squeaky wheel that gets the grease.

- **Persuade provincial governments to support the homemaker pension**

A cut-out coupon for MPPs can also be found at the end of the brochure. Members of these legislatures should be contacted on this issue.

Regardless of where you live, however, it is a good idea to “drop a line” to the Premier of Ontario. Because two thirds of the provinces with two thirds of the population must approve this change to the Canada Pension Plan, the support of Ontario, with its large population, is vital. It was Ontario that delayed the implementation of the child-rearing drop-out provision. So let the Ontario government know where women all across Canada stand on this issue and call on other provincial governments to pressure Ontario to support the homemaker pension.



**In fact, you might want to undertake additional group activities to promote the homemaker pension:**

- **Organize a group**

You could organize a group in your community around the homemaker pension. The CACSW will send you documents on pension reform for background information. Your group could organize petitions or letter-writing and telephone campaigns directed at members of federal and provincial governments.

- **Cooperate with other organizations**

If you belong to a community, social service or women's organization, encourage your organization to support the homemaker pension. Identify other organizations that share the same goals or outlook as your group and ask them to endorse and promote the homemaker pension to their members, the public, and the politicians.

## **You can make a difference...**

The idea of a homemaker pension has been around a number of years and many organizations, including women's groups, government bodies, and social development organizations, have endorsed it. The new federal government's electoral promise has at last brought the homemaker pension within our grasp.

But will the promise become a reality? It may depend on you. If you as a homemaker think that you are entitled to retire with some security and dignity, let your elected representatives know. Their job is to work in "The House" for the good of others — and that includes the Canadian homemaker!



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Dear \_\_\_\_\_:

I demand that the provincial government support the establishment of a homemaker pension within the Canada/Quebec Pension Plan. I call upon you to support this goal and to encourage the other provincial governments to do so as well.

After a lifetime of work benefiting the family and society as a whole, it is unacceptable that Canadian homemakers are left to suffer grave financial insecurity during their old age.

Canadian homemakers need and want a homemaker pension with the C/QPP.

I look forward to immediate action on this matter.

Yours sincerely,

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Signature

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Address

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